

February 25, 2011

Mr. Robert Abbey  
Director  
Bureau of Land Management  
U.S. Department of the Interior  
1849 C Street, NW  
Washington, DC 20240

Dear Director Abbey:

Today, the Government Accountability Office (GAO) released a report analyzing the Bureau of Land Management's (BLM) policies for managing nonproducing or abandoned oil and gas wells on public land. The analysis raises serious questions as to whether BLM has the proper policies in place to protect American taxpayers and the environment. As President Obama and the Congress work to reduce our national deficit, we must ensure that taxpayers are not left responsible for the costs of remediating oil and gas wells on public lands.

According to the GAO, while the BLM believed that there were approximately 2,300 oil and gas wells on public lands that had been inactive for 7 years or more, referred to as "idle wells," the GAO analysis found about 4,600 idle wells – nearly twice as many as reported by the BLM. These wells pose a potential danger to the environment and public health if they fall into disrepair and therefore need to be carefully managed.

In addition, the GAO analysis found that the minimum bonding requirements of oil and gas companies to remediate the land after production has ended have not been updated in 50 years and may not be sufficient to encourage companies to comply with the statutory requirements. The GAO's findings mean that the potential liability to the federal government from oil and gas operations on public land may be considerably larger than anticipated by the BLM.

Accordingly, I request that you respond to the following questions and requests for information:

1. Please provide a list of the oil and gas companies holding leases for wells on BLM land that have not produced in seven or more years, the number of such leases held by each company, and the date the those wells last produced.
2. GAO reports that, according to BLM officials, "idle wells have the potential to create environmental, safety, and public health hazards if they fall into disrepair." Does the BLM require companies holding idle wells to inspect those wells? Does BLM inspect those wells? If so, how often do these inspections occur?
3. What actions is the BLM taking to require companies that have idle wells on public land to properly reclaim those wells?

4. Have any leaks been detected from idle wells on public lands? If so, when were those leaks detected, what was the size of those leaks and what actions were taken to stop the leaks?
5. According to the GAO, BLM has paid \$3.8 million over the last 20 years to reclaim 295 wells for which there is no responsible company, referred to as “orphaned wells.” BLM has identified 144 orphaned wells that have not yet been reclaimed. What is the projected cost to taxpayers of reclaiming these 144 wells? If there are nearly twice as many idle wells as have been identified by BLM, how could that affect future costs to taxpayers?
6. According to the GAO, the minimum bond amounts for oil and gas companies were set in the 1950’s and 1960’s, have not been updated, and may not be sufficiently high to serve as a proper incentive for companies to plug and reclaim wells. BLM regulations require that bond amounts be increased for oil and gas companies that have previously failed to properly reclaim a well within the last five years. Please provide a list of companies that have required BLM to make a claim on a bond within the last five years. For those companies, please indicate whether bonding requirements increased on subsequent drilling permits and, if so, by how much. If bonding requirements were not increased for any of these companies, please indicate why they were not increased and whether BLM now intends to increase such bonding requirements.
7. According to the GAO, one of the reasons cited by BLM officials for a lack of bond adequacy reviews and other reviews of idle and orphaned wells was the “higher priority placed on other BLM activities such as completing APDs [Application for Permit to Drill].” What actions is the BLM taking to properly prioritize these reviews in comparison to other agency missions such as issuing more drilling permits?

I request that a response to this request be provided within 15 working days, or no later than close of business, March 18, 2011. If you are unable to provide a full and complete response within this timeframe, I request that you provide an interim response providing the information that you are able to provide by the stated deadline and indicating when a full and complete response will be provided. Should you have any questions regarding this request, please contact Morgan Gray of the Natural Resources Committee staff at (202) 225-6065.

Thank you for your prompt attention to this matter.

Sincerely,

Edward J. Markey  
Ranking Member  
Committee on Natural Resources